



*ARSAC Alliance for a Regional Solution to Airport Congestion*  
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July 21, 2015

Hon. Alan Wapner  
Chairman, Transportation Committee  
Southern California Association of Governments  
818 West 7th Street, 12th Floor  
Los Angeles, CA 90017

Dear Chairman Wapner:

This letter is to follow up on our July 2, 2015 correspondence and the proposed Regional Aviation Forecast (RAF) Update. We have attached an additional option "Accelerated Regional Plan" for SCAG to consider and adopt as a part of the 2016-2040 Regional Transportation Plan (RTP).

ARSAC continues to question the methodologies utilized to determine the anticipated passenger traffic at each airport in the SCAG region:

- Some assumptions are incorrect and could adversely affect how passenger counts are calculated.
- Airport legal constraints are not fully explained.
- The proposed RAF makes no affirmative commitment to further the concept of regionalization of airline services first adopted by SCAG in 1998.

ARSAC believes that the RAF can be adjusted to be more technically accurate and to effect regionalization of airline service in the SCAG region. ARSAC has attached an "Accelerated Regionalization Plan" Forecast for consideration and adoption by the SCAG Transportation Committee and Regional Council.

### **Incorrect assumptions**

- a. "Ownership and the management practices of the region's airports has a profound impact on the day to day operations of the facilities and the passenger experience provided. Yet, in the long term 2040 time frame the various management styles do not impact demand." (Page 5 of SCAG staff report for July 23, 2015).

ARSAC disagrees with this statement. Management style does impact demand. When Los Angeles World Airports (LAWA) was obligated to effect regionalization at its airports in Ontario (ONT) and Palmdale (PMD) per the 2006 Stipulated Settlement Agreement, LAWA made "one-off" attempts to grow these airports. When United Express withdrew service from PMD in 2008, then-LAWA Executive Director Gina Marie Lindsey turned in the PMD airport operating permit to the Federal Aviation Administration (FAA). This action stymied possible future airline service at PMD for several years as the City of Palmdale had to spend two years to negotiate a new Joint Use Agreement

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with the United States Air Force (USAF) to allow the City of Palmdale to lease the 60 acres for the passenger terminal area and to have access to Air Force Plant 42's two 12,000 foot runways. As revealed in court documents, LAWA management made a conscious decision to focus on regrowing LAX traffic to pre-9/11 levels at the expense of ONT. In 2011, LAWA dropped ONT from the air service marketing contract LAWA has with the Los Angeles Tourism Board to promote LAX and ONT. ARSAC supports the return of ONT back to the City of Ontario and/or the Ontario International Airport Authority (OIAA) where new management will have a better opportunity to operate and effectively market ONT without a 15% accounting overhead charge from LAWA.

- b. "Factors Increasing the Constraints- Bigger Airplanes." (page 13 of SCAG staff report for July 23, 2015).

ARSAC disagrees with the statement, "Within ADG III (aircraft design group 3) (737, A321), airlines are pushing manufacturers to produce larger airplanes." The fact is that aircraft manufacturers such as Airbus and Boeing are already producing larger variants of their already popular A320 series (e.g. A321 NEO LR - new engine option- long range) and the 737 series (e.g. 737 MAX), respectively.

What is missing from this point is that airlines are pushing for a Boeing 757 replacement. It has been successfully used on many North Atlantic routes and that is the driving force for its replacement. These niche North Atlantic routes may not provide enough return on investment for 150 new aircraft considering that Boeing claims that the new 737 MAX covers about 95% of the 757's routes. Source: ([www.wikipedia.org/Boeing\\_757](http://www.wikipedia.org/Boeing_757)).

ARSAC also disagrees with the statement, "At the high end, 747 losing out to the A380." The data available clearly shows that more 747's (412 seats) are being replaced with the smaller Boeing 777's (386 seats) and 787 Dreamliners (250 seats) than the Airbus A380 (550 seats). At LAX, of the 24 airlines that had operated 747's at LAX and continue to operate at LAX, 12 now operate Boeing 777's, 7 now operate Airbus A380's and 2 continue to operate Boeing 747's until these are replaced by Boeing 777's, 787 Dreamliners or Airbus A350 XWB. Please see attachment Tables 1, 2 and 3 for more details.

The A380 has had no orders to date in 2015 and there was speculation in the press in 2014 that the A380 program may be cancelled. As was so well stated in the May 5, 2010 edition of Bloomberg Businessweek:

*"There's only a handful of routes you can use the A380 on, and if traffic drops on that route you're stuck," said Richard Aboulafia, vice president of Teal Group, an aerospace analysis company. "The A380 is best regarded as a \$25 billion write-off and an act of industrial irresponsibility." [emphasis added]*

**Summary table of 747's at LAX**

<b>747's at LAX converted to:</b>	<b>Totals</b>
Boeing 777	12
Boeing 787	4
Airbus A380	11
Airbus A330	2
Airbus A340	1
Boeing 747-8	1
Boeing 747-400 (unchanged)	2
KLM 777 up-gauged to 747-400	1
<b>TOTAL</b>	<b>34</b>

- c. The statement on Page 1 of the staff report, "A fundamental premise is that any passenger that uses a SCAG Region airport is good for the regional economy", omits the important fact that location matters - where those passenger are served is important to issues concerning regional jobs/housing balance, regional and local transportation congestion, and regional and local environmental impacts.
- d. The section on airport constraints and airport allocations for the four scenarios lacks any explanation or documentation on how the numbers where derived, particularly the wide range of 78.9 MAP to 100.7 MAP capacity range for LAX (what happened to the 96.6 MAP number?) or the new 87.2 MAP allocation for LAX.
- e. In the ground access presentation (Page 27 of the SCAG staff report) it says that trip distribution and modes will be based on passenger surveys. However, this reflects a static analysis of existing distributions and modes at airport from which current surveys were available, primarily LAX and BUR. Distributions and modes could be very different at new and expanding airports in the Inland Empire and North Los Angeles County. Also, distributions and modes will be very different for different classes of air passengers, particularly between business and leisure travelers, but these distinctions do not appear to be made by the analysis.

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**Airport legal constraints**

LAX. Although the Stipulated Settlement Agreement expires in 2015, the 153-gate cap does not expire until the year 2020. In addition, the LAX Specific Plan Amendment Study (SPAS) to the LAX 2015 Master Plan establishes a practical capacity of 78.9 Million Annual Passengers through the year 2025.

**Regionalization**

The regionalization option offered, “Fast Growth Regionalization Forecast” is a “passive” model that assumes air traffic is shifting from one airport to another by osmosis. This is the only one proposed by SCAG that includes some numbers for each SCAG area passenger airport. SCAG should provide forecasting for all SCAG passenger airports and not pick “winners” and “losers” for lack of current airline service. A more realistic regionalization plan needs to be adopted that includes continued limits on LAX and ground transportation enhancements for all SCAG area passenger airports. Please refer to the attached Accelerated Regional Plan Forecast which ARSAC would like SCAG to consider and adopt.

We are happy to answer any questions. Please do not hesitate to contact us.

Sincerely,



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Attachments:

Accelerated Regional Plan Forecast

Table 1 – Boeing 747 replacements at LAX since 9/11/2001

Table 2 - Other airlines which have not had Boeing 747 passenger airplanes at LAX

Table 3 – Selected Widebody Aircraft Orders (excludes out-of-production passenger versions of Airbus A340 and Boeing 767)

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PROPOSED FOR ADOPTION BY SCAG TRANSPORTATION COMMITTEE

July 23, 2015

# **Accelerated Regionalization Forecast for SCAG 2016-2040 Regional Transportation Plan**

## Preface

While SCAG and airports cannot control airline schedules, SCAG can and should establish policy goals to effect true regionalization.

## Definition of Regionalization

“Regionalization is the proactive redistribution of a portion of Southern California’s aviation demand to unconstrained airports in the Southern California region other than LAX, in order to achieve a more equitable and proportional allocation of airport growth and aircraft operations among the airports, reduce congestion, increase safety, and minimize vehicle miles travelled, with consequent benefits to both the environment and the economy.”

The scope of the definition is not intended as a passive, supply and demand based model where, when traffic LAX increases sufficiently to cover costs, either directly or through negative externalities, or impacts, passengers independently decide to use other available airports. True regionalization is a results oriented process, conducted in close collaboration with stakeholders, the success of which is to be measured by growth in absolute numbers (not percentages) of air passengers using other airports. The function of regionalization, in the most fundamental sense, is to stop the “leakage” of passengers from other airports in Southern California to LAX and to proactively promote the use of other airports that are legally and physically unconstrained such as Ontario (ONT) and Palmdale (PMD).

## Accelerated Regionalization Plan – Key Points

1. Overall regional demand is 136.4 Million Annual Passengers (MAP) with leakage of 1.0 MAP.
2. All SCAG area airports with commercial passenger operations or aspirations for commercial airline service will all have a projected MAP for 2040.
3. LAX remains constrained to 78.9 MAP until the year 2040. The Petitioners (e.g. ARSAC, County of Los Angeles and/or cities of Culver City, El Segundo, Inglewood) will pursue an amendment to the 2006 Stipulated Settlement Agreement to extend the passenger and gate cap to 2040. Passenger caps will be maintained through gate reductions. Once LAX has been reduced from 153 to 120 gates, Los Angeles World Airports (LAWA) must begin to construct a new international airport on the 17,750

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acres that LAWA owns in Palmdale. The new airport can be designed with an overall plan, but built in a modular fashion as demand increases. The PMD plan should include a direct or spur line to the California High Speed Rail network.

4. ONT will grow to 26.3 MAP by the year 2040. ONT will be under the control of the City of Ontario and/or Ontario International Airport Authority (OIAA). ONT will pro-actively add flights by working with buyers of large amounts of airline tickets- Disneyland Resort and Pleasant Holidays. ONT will work to make ONT the official airport of the Disneyland Resort. ONT and Disney will work with Alaska Airlines, the official airline of the Disneyland Resort, to establish ONT as the Disneyland hub. ONT will ask Pleasant Holidays to conduct a study of its customers to determine if there are enough passengers to sustain airline service between ONT and Hawaii. ONT will also pursue international traffic through active marketing of its business, entertainment and shopping attractions.
5. PMD will grow to 1.5 MAP by the year 2040. PMD will take the same approach as ONT in asking Pleasant Holidays to conduct a study of its customers to determine if there are enough passengers to sustain airline service between PMD and Hawaii. PMD will also ask Pleasant Holidays to consider including passengers originating or ending their journey in the Dallas/Fort Worth metroplex as a part of a Hawaii-Palmdale-Dallas/Fort Worth route. Strong demand for a PMD-DFW route was identified in the 2001 TriStar Marketing report commissioned by Los Angeles County. In addition, PMD will work to add flights to Las Vegas, Phoenix and the San Francisco Bay Area.
6. All commercial passenger airports in the SCAG region will update their marketing studies.
7. All commercial passenger airports in the SCAG region will work pro-actively with ground transportation agencies such as Metro, Metrolink, California High Speed Rail agency and other bus transit agencies to bring mass transit as close as possible to the airport passenger terminals.
8. All commercial passenger airports in the SCAG region will create “diversion support plans” to accommodate airline passengers where commercial aircraft have to be diverted away from another airport in the SCAG region due to natural disasters or other calamities. The diversion support plans will allow for people to be able to continue to enter or exit the SCAG region by air if an airport in the region is closed or limited due to an emergency at that airport.

*Passenger counts for the Accelerated Regionalization Plan Forecast are on the next page.*

## Draft Airport Demand Forecasts (2040)

**Accelerated Regionalization Forecast** in MAP (Million Annual Passengers)



Airport	2040 Accelerated Regionalization Plan Forecast
Burbank	7.3
Imperial Valley	0.2
John Wayne (SNA)	12.5
Los Angeles International	78.9
Long Beach	5.0
March Inland Port	0.2
Ontario International	26.3
Oxnard	0.2
Palm Springs	4.0
Palmdale	1.5
San Bernardino	0.2
Southern California Logistics	0.1
<b>SCAG Region Total Passengers</b>	<b>136.4</b>

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**Table 1 - Boeing 747 Replacements at LAX since 9/11/2001**

<b>Airline</b>	<b>Route</b>	<b>Pre-9/11</b>	<b>July 2015</b>	<b>Comments</b>
Delta Airlines (operated by Northwest)	Tokyo-Narita	747-400	Boeing 777-200ER	Delta had its own Tokyo service with an MD-11 until 2002 when it transferred the route to American Airlines
Northwest Airlines	Osaka, Japan	747-400	Route dropped after 9/11/2001	
United Airlines	Tokyo-Narita	747-400	Boeing 787-8	Two daily 747 flights pre-9/11. Today, daily 787
United Airlines	Melbourne, Australia	747-400	Boeing 787-9	
Air Canada	Toronto	747-200 Combi	Airbus A330-300	
Air China	Beijing	747-400	Boeing 777-300ER	
Air France	Paris CDG	747-400	Boeing 777-200ER, Boeing 777-300ER, Airbus A380	
Air New Zealand	Auckland	747-400	Boeing 777-300ER	
Air New Zealand	London Heathrow	747-400	Boeing 777-300ER	
All Nippon Airways	Tokyo-Narita	747-400	Boeing 777-300ER	
Asiana Airlines	Seoul-Incheon	747-400	Airbus A380	
British Airways	London Heathrow	747-400	Airbus A380	Replaced 3 daily 747's with 2 A380's; 47 seat market increase
Cathay Pacific	Hong Kong	747-400	Boeing 777-300ER	Four daily flights
China Airlines	Taipei	747-400	Boeing 777-300ER	Three daily flights
El Al	Tel Aviv	747-400	Boeing 777-200ER	
EVA Air	Taipei	747-400	Boeing 777-300ER	Three daily flights
Fiji Airways	Nadi, Fiji	747-400	Airbus A330-300	
Iberia	Madrid, Spain	747-200	Airbus A340-200	LAX-MAD from 1984-1997; resumed 2013
Japan Airlines	Tokyo-Narita	747-400	Boeing 777-300ER	
Japan Airlines	Osaka, Japan	747-400	Boeing 787-8	Route discontinued in 2006, restarted 2015
KLM	Amsterdam	747-400 777-200ER	747-400	Two 747's during summer
Korean Air	Seoul-Incheon	747-400	Airbus A380	Two daily A380's
Lufthansa	Frankfurt	747-400	Boeing 747-8 and Airbus A380	Only 747-8 passenger airline at LAX



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Philippine Airlines	Manila	747-400	Boeing 777-300ER	
Qantas	Melbourne	747-400	Airbus A380	
Qantas	Sydney	747-400	Airbus A380	
Qantas	Brisbane	747-400	Boeing 747-400	
Singapore Airlines	Tokyo-Narita and Singapore	747-400	Airbus A380	
Thai Airways	Bangkok	747-400	Boeing 777-200ER	
Virgin Atlantic Airways	London Heathrow	747-400, Airbus A340-300	Boeing 787-9, Airbus A340-600	

**Table 2 - Other airlines which have not had Boeing 747 passenger airplanes at LAX**

<b>Airline</b>	<b>Route</b>	<b>Pre-9/11</b>	<b>July 2015</b>	<b>Comments</b>
Air Berlin (post merger with LTU)	Dusseldorf	Airbus A330-200	Airbus A330-200	
Air Tahiti Nui	Paris-CDG and Papeete, Tahiti	Airbus A340-300	Airbus A340-300	Boeing 787-9 beginning in 2018
Alitalia	Rome	MD-11	Boeing 777-200ER	
All Nippon Airways	Tokyo-Haneda	Route did not exist	Boeing 777-200ER	
China Eastern	Shanghai, China	Airbus A340-600	Airbus A340-600	Boeing 777-300ER in 2015
China Southern	Guangzhou, China	777-200 IGW	Airbus A380	IGW = increased gross weight
Emirates	Dubai	Route did not exist	Boeing 777-200LR, Airbus A380	
Etihad	Abu Dhabi	Route did not exist	Boeing 777-200LR	
Lufthansa	Munich	Airbus A340-300	Airbus A340-600	
Saudi	Riyadh	Route did not exist	Boeing 777-300ER	
Swiss International	Zurich	MD-11	Airbus A340-300	Boeing 777-300ER beginning in 2016
Turkish Airlines	Istanbul	Started in 2012	Boeing 777-300ER	
Virgin Australia	Sydney	Started in 2009	Boeing 777-300ER	
Virgin Australia	Melbourne	Started in 2010	Boeing 777-300ER	

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Virgin Australia	Brisbane	Started in 2012	Boeing 777-300ER	
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**Table 3 – Selected Widebody Aircraft Orders**  
 (excludes out-of-production passenger versions of Airbus A340 and Boeing 767)

<b>Manufacturer</b>	<b>Model</b>	<b>Orders</b>	<b>Deliveries</b>	<b>Comments</b>
Airbus	A380	317	165	140 ordered by Emirates
Airbus	A350 XWB	781	3	
Airbus	A330neo	145	0	“neo” is New Engine Option
Airbus	A330	1,379	1,203	
Boeing	747-8 I	51	34	Intercontinental passenger airplane
Boeing	777X	306	0	New design
Boeing	777-300ER	786	577	
Boeing	777-200LR	59	59	Long Range
Boeing	777-200ER	422	422	
Boeing	787-8	457	258	
Boeing	787-9	498	34	
Boeing	787-10	140	0	

Table data sources: Wikipedia.org and Boeing Commercial Airplanes website, ARSAC knowledge